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Published on Saturday, November 18, 2006.
Last modified on 11/18/2006 at 2:08 am

STATE ADMINISTRATION

Exhibit No. 4
Date 1-19-07
Bill No. SB-219

Audit notes Historical Society head got \$75K severance pay

By The Associated Press

HELENA - The former director of the Montana Historical Society remained on the state payroll nearly eight months after he resigned and was paid about \$75,000 in severance pay, legislative auditors say.

Arnold Olsen resigned as the society's director on Nov. 2, 2005, saying he wanted to pursue interests related to his doctorate in wildlife biology. As part of an agreement with the society's board of trustees, Olsen was placed on administrative leave and received normal salary and benefits, including health insurance and vacation and sick leave, until June 30, 2006.

Those payments cost about \$75,000, the audit report said. The findings of the audit were presented to the legislative audit committee Thursday.

Montana Legislative Auditor Scott Seacat said it was the first time he had reported severance pay issues to the committee.

This was the first time I had seen anything of this magnitude," he said Friday.

Efforts to reach Olsen for comment Friday were unsuccessful. Messages left at his new place of work, the Rocky Mountain Elk Foundation in Missoula, and at home listings for an Arnold Olsen in Helena and Missoula, were not immediately returned.

The audit committee's chairman and vice chairman, Rep. John Musgrove, D-Havre, and Sen. Joe Balyeat, R-Bozeman, said they have requested a bill addressing state employee severance packages to be drafted for the upcoming session.

There are a lot of legitimate severance plans, and we don't want to impact those with this legislation," Musgrove said. "We just don't want to see a repeat of what happened with the historical society."

He acknowledged that the legislation would be difficult to write and advance in the upcoming session because of the complex nature of state employee personnel issues.

Auditors also found that the society signed pay agreements with two employees of the Lewis and Clark Bicentennial Commission "to encourage them to remain with the commission until their work is complete," the report said.

The commission, which was established by the Legislature to prepare for the bicentennial celebration from 2003-06, is set to terminate at the end of this year. One employee was guaranteed \$15,000 and another \$20,000 if they stayed and completed their assignments.

Seacat said the personnel issues were included in the historical society's audit because state law is not clear on whether these types of agreements are permitted.

Salveat and Musgrove both said the payments hurt the credibility of the society when it came to the legislature to ask for more funding.

Salveat said he was not familiar with the type of work Olsen did at the society but said, "All I know is it's not a good policy to permit open-ended generosity with money that is not your own.

It's fine to be generous with your own money, but when you start playing around with the taxpayers' money, you can quickly become overly generous."

Board President Sharon Lincoln said Olsen and the board "were having some difference of ideas" prior to the time he resigned in 2005.

She said the board entered into the agreement with Olsen after consulting with state attorneys. The agreement specified that Olsen would be paid his normal salary until he obtained another full-time position or until June 30, 2006, whichever occurred first.

He did believe at the time that he was probably going to have another job in a short time," Lincoln said. Unfortunately for him and us, that didn't work out."

Lincoln said the board was trying to avoid any possibility of a lawsuit when it entered into the agreement.

The board consulted the state legal department making every effort to do what we needed to do and to do it right," she said.

Lincoln said she was surprised to see the issue in the state audit because there was a nondisclosure clause in the agreement.

Lee Rostad, who was board president at the time of Olsen's resignation, referred questions to Vivian Hammill, the state attorney who helped draft the agreement.

Hammill's voice mail said she would be out of the office until next week.

Richard Sims, the current director of the Montana Historical Society, said Friday that the historical society simply needs to move on," and that he didn't sense that the matter would cause problems as the society moves into a new era.

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